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AQUACULTURE DEVELOPMENT

Aquaculture Egypt. GP00/201 Rec'd 12/31/80, vi Rev'd 6 GB 7047748

Agreement Between the
UNITED STATES OF AMERICA
and EGYPT

Signed at Cairo September 7, 1978

NOTE BY THE DEPARTMENT OF STATE

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EGYPT

Aquaculture Development

Agreement signed at Cairo September 7, 1978;
Entered into force September 7, 1978.

A.I.D. Project No. 263-0064

PROJECT
GRANT AGREEMENT
BETWEEN
THE ARAB REPUBLIC OF EGYPT
AND THE
UNITED STATES OF AMERICA
FOR
AQUACULTURE DEVELOPMENT

Dated: SEPTEMBER 7, 1978

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ANNEX 1 Project Description		

[1] Not printed herein. For text, see TIAS 8830; 30 UST.

PROJECT GRANT AGREEMENT DATED: SEPTEMBER 7, 1978 BETWEEN THE ARAB REPUBLIC OF EGYPT ("GRANTEE") AND THE UNITED STATES OF AMERICA, ACTING THROUGH THE AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

ARTICLE 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described herein, and with respect to the financing of the Project by the Parties.

ARTICLE 2: The Project

SECTION 2.1. Definition of Project. The Project which is further described in Annex 1, will consist of assistance to develop programs which will assist Egypt to meet its long term goal of increasing the production of high quality protein by a) strengthening the institutions for applied research, training, extension and hatcheries supporting the fish farming industry and b) establishing 5000 feddans of privately-owned fish ponds in Sharkia and Ismailia Governorates.

Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2, without formal amendment of this Agreement.

SECTION 2.2. Incremental Nature of Project.

(a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

ARTICLE 3: Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, [1] agrees to grant the Grantee under the terms of this agreement not to exceed Three Million Five Hundred Thousand United States ("U.S.") Dollars ($3,500,000).

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and Local Currency Costs, as defined in Section 6.2, of goods and services required for the project, except that, unless

[1] 75 Stat. 424; 22 U.S.C. § 2151 note.

the parties otherwise agree in writing, Local Currency Costs financed under the Grant will not exceed the Egyptian pound equivalent of Seven Hundred Thousand United States Dollars ($700,000).

SECTION 3.2. Grantee Resources for the Project.

(a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by Grantee for the Project will be not less than Two Million Three Hundred and Twenty-Five Thousand Egyptian Pounds (L.E. 2,325,000), including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is August 31, 1983, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for Services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursements, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

ARTICLE 4: Conditions Precedent to Disbursement.

SECTION 4.1. First Disbursement. Prior to any disbursement or the issuance of any commitment document under this Agreement the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A statement of the names of the persons holding or acting in the offices of the Grantee specified in Section 8.2, and of any additional representatives, together with a specimen signature of each person specified in such statement;

(b) Evidence of designation of an official of appropriate rank within the Ministry of Agriculture as the Project Director;

(c) Evidence that the National Committee for Aquaculture Development has been established, and has been given full administrative authority to coordinate and implement the Project; and

(d) Such other information and documentation as A.I.D. may reasonably require.

SECTION 4.2. Disbursement for Local Goods and Services. Prior to any disbursement of proceeds from this Grant in connection with financing by A.I.D. of the costs of local goods and services required for the Project, mutually agreed upon procedures for financing these costs shall be established and detailed in an Implementation Letter. The Letter will include procedures governing disbursement of dollar proceeds of the Grant for such local expenditures.

SECTION 4.3. Additional Disbursement – Phase I. Prior to disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for the purpose of financing any Phase I activity other than the services of an interim fisheries specialist, architect and engineering services (including environmental analysis) for the construction of a National Fish Farming Center, the training of the initial group of participants, and the long-term technical services for the Project, Grantee shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D.:

(a) Architect and engineering designs for the Center and Stage I production farms responsive to the findings of the environmental analysis;

(b) Evidence that the land required for the Center and at least 800 feddans for the construction of Stage I production farms is available free and clear through ownership or long-term lease;

(c) Evidence of the availability of irrigation water in sufficient quantities free of charge to the Center and the Stage I farmers; and

(d) Evidence that the Grantee has allocated the staff and budget required for all Phase I operations.

SECTION 4.4. Additional Phase I Disbursement – Revolving Fund. Prior to disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for the initial tranche of the revolving fund, the Grantee will, except as the Parties may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D. evidence that the Agricultural Bank or other suitable agency has agreed to act (under loan procedures, rules and selection critiera for homestead farms acceptable to A.I.D.) as the administrator for the revolving fund.

SECTION 4.5. Disbursement – Phase II. Prior to disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for the purpose of financing any

Phase II activity, Grantee shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D.:

(a) Evidence that baseline socio-economic data for the Project area has been gathered; and

(b) Procedures for production loans under the revolving fund.

SECTION 4.6. Notification. When A.I.D. has determined that the Conditions Precedent specified in Section 4.1, 4.2, 4.3, 4.4, and 4.5 have been met, it will promptly notify the Grantee.

SECTION 4.7. Terminal Date for Conditions Precedent. If all of the conditions specified in Section 4.1 have not been met within 60 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

ARTICLE 5: Special Covenants.

SECTION 5.1. Private Sector Participation. The private sector will be the preferred means of distribution for fish produced on the production farms. In the event that it is considered desirable to depart from this means of distribution, the Grantee and A.I.D. will consult prior to implementation of such a change.

SECTION 5.2. Zagazig Market. Grantee shall insure that revenues from the Zagazig market will be received directly by Governorate or other governmental authorities operating the market; that rental charged by the market to fish sellers will be sufficient to defray operating expenses; and that fish sellers currently in business will be given preference in allocating space to vendors.

SECTION 5.3. Project Evaluation.

(a) The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

(i) evaluation or progress toward attainment of the objectives of the Project; (ii) identification and evaluation of problem areas of constraints which may inhibit such attainment; (iii) assessment of how such information may be used to help overcome such problems; and (iv) evaluation, to the degree feasible, of the overall development of the project.

(b) In carrying out the foregoing, the Grantee shall insure that A.I.D. or its agents may conduct such evaluations as it deems appropriate, both before and after the completion of assistance, which evaluations will include measurements of social and economic baseline data for the Project area, collected during the first two years of Project implementation.

ARTICLE 6: Procurement Source.

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1 (b) with respect to marine insurance.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Egypt.

ARTICLE 7: Disbursement.

SECTION 7.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(1) submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or, (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or,

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

SECTION 7.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documenta-

tion as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained by acquisition by A.I.D. with U.S. Dollars by purchase.

SECTION 7.3. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

ARTICLE 8: Miscellaneous.

SECTION 8.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

TO THE GRANTEE:

Mail Address: Ministry of Agriculture
Dokki, Giza
Cairo, Egypt

Alternate address for cables:

Ministry of Agriculture
Dokki, Giza
Cairo, Egypt

To A.I.D.:

Mail Address: A.I.D.
U.S. Embassy
Cairo, Egypt

Alternate address for cables:

A.I.D.
U.S. Embassy
Cairo, Egypt

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individuals holding or acting in the offices of Minister of Agriculture and Under Secretary of State for Aquatic Resources and A.I.D. will be represented by the individual holding or acting in the office of Director, U.S.A.I.D., Cairo, Egypt, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly

authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) [1] is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

ARAB REPUBLIC OF EGYPT

By: MAHMOUD M. DAWOOD
Name: Mahmoud Mohamed Dawood
Title: *Minister of Agriculture*

UNITED STATES OF AMERICA

By: DONALD S. BROWN
Name: Donald S. Brown
Title: *Director, U.S.A.I.D./ Cairo*

ANNEX 1

Project Description

The purpose of this project is a) the establishment in Egypt of the capability for sustained development of the fish farming industry on an economic basis through improved institutions for planning and coordination, applied research and extension, and b) the increase fish production by 4,000 tons per year by 1986 through an increase in the area devoted to fish farming. The financial support estimated to be required to implement this project is shown in the Project Financial Plan, Table 1 of this Annex.

The project will establish and support the following facilities:

1. National Committee for Aquaculture Development. Technical Assistance will be provided to support the planning and coordination activities of the Committee, including the preparation of a national plan.

2. National Fish Farming Center at Abbasa. The Center, to be under the direction of the Ministry of Agriculture, will be established on a 200-feddan site near the duck-hunting facility at Abbasa. The Center will have a total GOE staff of 67 and will include divisions for research, extension, and administration, as well as a carp hatchery and a mullet fry nursery. Center facilities will include laboratories, offices, storage facilities and housing for US contract and GOE per-

[1] See footnote 1, p. 2.

sonnel, as well as approximately 100 feddans of hatchery and research ponds.

The Center will conduct applied research to develop packages of optimal practices for fish farming operations in Egypt, including techniques for village farms and mixed poultry/fish operations. It will also conduct applied research in the areas of fish breeding, handling and utilization, nutrition and fish pathology. The Center will not conduct basic research and a research committee composed of representatives of each division as well as the US Contract team will oversee the research activities to ensure that the agenda is oriented to the solution of practical problems.

The extension division will develop an extension service providing assistance to fish farmers, both those established under the project and others in the area served. The program will serve the Sharkia/Ismailia area in the early years, expanding to serve the World Bank project areas and eventually all of Egypt. In addition to 6 full-time extension agents, support and senior personnel, the program will provide training to 6 extension interns per year to build a national extension capability in fish farming. The extension program will operate a field station at Abbasa and will open additional stations as needed. It will also provide training for fish farmers and conduct short courses in areas of relevance to fish farming. A training committee similar to the research committee will oversee all training activities at the Center. The extension division will also be responsible for the collection of baseline socioeconomic data necessary for evaluation.

The Abbasa hatchery nursery will produce 6–10 million carp fry annually and will provide nursery facilities to produce 3.4 million mullet fry of 2–5 gram from .15-gram fry collected at Al-Mex.

3. Carp Hatchery at Serow. The natural hatchery at Serow will be improved and its output will be supplemented by the construction of an artificial hatchery, raising the production of carp fry from 1.5 million annually to 10–17 million. The new carp hatchery facilities will be operated by the Institute of Fisheries.

4. Mullet Collection Station. Two mullet collection facilities will be constructed at Al-Gameel and Al-Gerby on the Mediterranean coast. These facilities will collect 40–60 million mullet fry annually. The collection station at Al-Mex, operated by the Institute of Oceanography and Fisheries, will receive technical assistance in fry transport to assist in reducing fry mortality from 80% to 50%.

5. Mullet Hatchery. To ensure the supply of mullet fry in the future, a pilot mullet hatchery will be constructed at Al-Gameel or Al-Gerby producing 6 million fry at full operation and developing an operational technique that can be applied elsewhere in Egypt and the Middle east.

6. Zagazig Fish Market. A modern fish market will be constructed at Zagazig, the capital of Sharkia. Space in this facility, which will provide refrigeration and adequate sanitary equipment, will be rented to local entrepreneurs by the Sharkia government at an economic price.

7. Participant Training. Training will be provided to 75 individuals in fisheries management, fish pathology, engineering, food technology, fisheries biology and other areas. Both US and third-country training will be provided. Ten individuals will receive training to the Ph. D. level, 35 will receive Master's level training and 30 will receive a total of 140 months of short-term training. It is expected that those receiving training will return to work in the fish farming sector and that some will complete thesis degree requirements through work at the National Center and other Egyptian facilities.

8. Production Farms. The project will establish 5,000 feddans of private sector production farms in Sharkia and Ismailia governorates. The farms will be funded through a revolving credit fund to be established within the Agricultural Credit Bank. The fund will make 15-year loans to fish farmers (both individuals and cooperatives) at its usual rate of interest. The production farms will be established in two stages. In the first stage, 800 to 1,200 feddans will be constructed by the project and distributed to 80 or more recent agricultural graduates, as homesteaders, over two years. Loans will be provided to cover the cost of pond construction, equipment, and all operating expenses for the first two years of operation of each farm. The farmers will assume control of their farms roughly three months before the scheduled first year stocking and are expected to achieve full production of 1 MT per feddan of water (10 MT per farm) by the third year. In the second stage a total of 3,800 feddans will be established over three years. Although the final mix may vary, the desired compostion for this total area is 900 feddans of homestead farms (60 units), 1,750 feddans operated by village cooperatives (70 units), 1,500 feddans of mixed poultry/fish operations managed by women's cooperatives (30 units) and 1,000 feddans of medium-size private fish farms (20 units). These operations will receive loans to cover construction, capital equipment and two years of operating expenses.

The project as described above will be carried out in two phases, as follows:

—Phase I will consist of all project activities other than those included in Phase II.

—Phase II, which is planned to commence after the second year of project operation, will consist of the extension of the project by the establishment of fish production activities on an additional 3,800 feddans (Stage II Farms) and additional tranches of A.I.D. financing to the revolving fund to assist in financing the Stage II Farms.

PROJECT FINANCIAL PLAN

($ '000)

ANNEX 1
TABLE 1

As of September, 1978

Project No. 263-0064

Project Inputs	Cumulative Obligations/ Commitments as of September, 1978					Future Years Anticipated					Total				
	AID			GOE	T	AID			GOE	T	AID			GOE	T
	$	LE-Eq-	T	LE-Eq.	$	$	LE-Eq.	T	LE-Eq.	$	$	LE-Eq.	T	LE-Eq.	$
1. National Committee	25	7	32	22	54	----	----	----	54	54	25	7	32	76	108
2. National Center	1,271	420	1,691	1,411	3,102	6,316	3,847	10,163	431	10,594	7,587	4,267	11,854	1,842	13,696
3. Other Supporting Institutions	.....	19	19	87	106	1,593	1,461	3,054	807	3,861	1,612	1,461	3,073	894	3,967
4. Participant Training	1,086	93	1,179	114	1,293	1,411	139	1,550	133	1,683	2,497	232	2,729	247	2,976
5. Production Farms	----	----	----	1,293	1,293	.....	6,718	6,718	4,655	11,373	.....	6,718	6,718	5,948	12,666
6. Other	96	67	163	.....	163	----	----	----	----	----	96	67	163	.....	163
7. Contingency	331	85	416	397	813	1,081	1,434	2,515	154	2,669	1,412	1,519	2,931	551	3,482
TOTAL	2,809	691	3,500	3,324	6,824	10,401	13,599	24,000	6,234	30,234	13,210	14,290	27,500	9,558	37,058